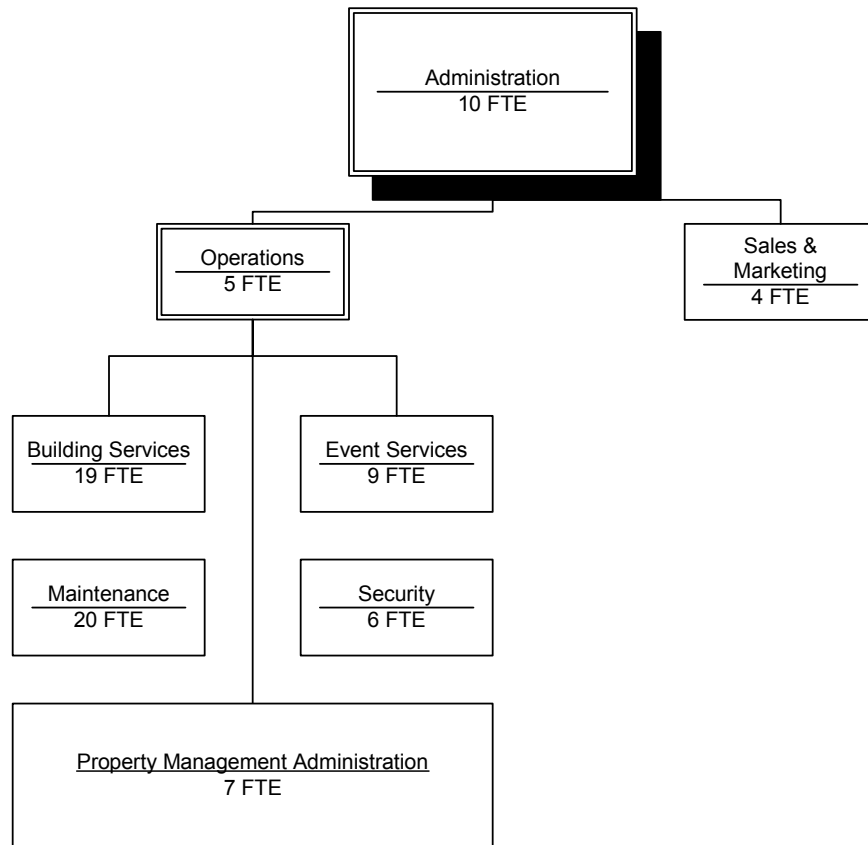


CIVIC CENTER



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AGENCY MISSION

The mission of the Civic Center Department is to provide and promote world class facilities and services for conventions, trade shows, banquets, special events, cultural events and major public and sporting events in order to create both temporary and permanent economic impact to the City of Detroit.

CURRENT FACILITIES

The Civic Center Department manages seventy-five acres of Detroit riverfront. Downtown facilities include Cobo Hall (built in 1960, expanded in 1989 and renamed Cobo Center), Cobo Arena (1961), Veterans Memorial Building (1950) -until its lease-transfer to Ford UAW Training, Ford Auditorium (1956) and Joe Louis Arena (1979). These buildings and facilities are presently valued in excess of \$460,000,000. In July 2003 the responsibility for operation of Hart Plaza, Atwater Tunnel (under Hart Plaza) and the Dodge Fountain were transferred from the Recreation Department to the Civic Center Department. Also, on site at Cobo Hall are the Municipal Parking Department Cobo Hall garage, a Detroit Transit Corporation People Mover station and a Detroit Police Department mini-station.

With the completion of the 1989 expansion project, Cobo Center has 700,000 square feet of exhibit space of which 600,000 square feet is on one level. The expanded Cobo Center has four exhibit halls on the main level ranging in size from 100,000 to 200,000 square feet. There are now 80 meeting rooms and 7 banquet rooms with views overlooking the Detroit River.

Since 1985 there has been a massive building boom of convention center facilities throughout North America. In 1989 Cobo Center was the 8th largest convention center in the US. Currently it is the 15th largest and will likely drop to number 19 by 2005 depending on the final expansion sizes of two other facilities. Of the top 20 convention centers (by size), no centers are older than 20 years except Cobo.

Size is not the only barometer by which event and tradeshow producers' judge meeting and exhibit facilities. Quality of the facilities is also of paramount importance. Spending 75% of our capital budget on basic infrastructure restorations has prevented us from making any substantial improvements in the meeting rooms, exhibit halls or other areas of the building that are seen by convention attendees, customers, clients or the general public. In fact, in terms of building quality we are falling behind. The rule of thumb in the convention industry is that meeting rooms and other public areas require renovation of the wall, floor and ceiling coverings every 5 years.

In January 2004, Mayor Kilpatrick announced the desire of the City to expand or replace Cobo Center. A task force was assembled to study this issue and have recently announced their recommendation for an expansion of the existing Cobo Center. The development plans for this project are incomplete at this time. Therefore, this Capital Agenda is written from a frame of reference that addresses the current capital needs of the Department in the absence of an expansion to Cobo Center. It should be recognized that this Capital Agenda must be flexible to allow for

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future Cobo Center development/expansion plans.

FIVE YEAR HISTORY

Within the past five years, the City of Detroit has been selected as the Host City for an unprecedented number of major national events for which Cobo Center will be an important venue. Without the facilities at Cobo Center, Detroit would have been ineligible to host these events. Detroit will host the major Baseball League in 2005, the Super Bowl in 2006, the NAACP National Convention in 2007, the NCAA Men Regional Basketball Tournament in 2008 and the International Women's Bowling Congress in 2008, and the NCAA Final Four Basketball Tournament in 2009.

To quote Larry Alexander, President of the Metropolitan Detroit Convention and Visitors Bureau in Detroit Free article dated September 15, 2004, "Nationally, there's not another City that can boast the collection of big events that we have coming to town. We can change a lot of perceptions."

Again, selection of the Detroit as the venue for these events could not have been possible without the facilities at Cobo Center.

To successfully host these events, and retain other major events currently using Cobo Center on an annual basis such as the North American International Auto Show and the Society of Automotive Engineers World Congress, as well as, attract other new conventions and special event, improvements to Cobo Center are absolutely essential.

The funding limitations of the 1989 expansion and the lack of capital funding since the 1989 expansion have had a major impact on the current and future capital improvement needs of the Civic Center Department. This funding gap was partially addressed recently with the extension of the Cobo Center expansion refinancing bonds (2004). With the refinancing of these bonds, the maturity date was extended from an original date of 2012 to 2015. This generated \$30 million to be used for Cobo Center capital projects.

Within the past five years and prior to Cobo bond refinancing, the Civic Center has been using the majority of its capital resources for basic infrastructure repairs, not addressed in the 1989 expansion. Waterproofing, concrete repairs, life safety systems, refurbishments, asbestos abatements and roofing systems have been the focus of most projects. To a lesser extent, projects were undertaken to improve the interior fit and finish of the building. Spending on infrastructure improvements at this level is essential to maintain current operations; however, this does not allow us to increase our event revenue, increase our market share or increase our current clients' satisfaction.

The Civic Center spent considerable resources re-building portions of Cobo Center and Joe Louis Arena that were damaged as a result of the fire that occurred in March 1999. Portions of this re-building were covered by settlements from insurance. Subsequently, considerable resources were allocated to repair and renovate the fire suppression system. Cobo Center's unique location, spanning both the Lodge Freeway and Larned Street, areas that must be

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protected with fire systems, necessitated major expenditures in this area.

A major system improvement project, started in 1997 and extended through 2002 addresses deficiencies to Cobo Center's lighting, building controls system, fire alarm and detection system, emergency lighting system, HVAC and chiller plant (air condition system) upgrades system. This project was funded primarily out of savings realized from the reduction in energy consumption.

Interior renovations included improvements in the main concourse, public areas on levels O-2 and 3 in the 1989 expansion areas of the building. Areas in the Civic Center administration offices and food services administration offices were also improved.

American with Disabilities Act (ADA)

Civic Center, under the agreement between the City and the Department of Justice regarding ADA non-compliance, is required to upgrade 13 sets of restrooms at Cobo Center to meet current ADA standards. This project is in the final design stages, with construction expected to start in the fall of 2004 and completion anticipated in the spring of 2006.

Security

The replacement of the current camera and security system for Cobo Center and Hart Plaza is essential. Technology advancements, increased threats of terrorism and number of major national high exposure events booked at Cobo Center in the coming years substantiate the need for a new system. Currently, the Civic Center is in the design phase of

the project with final completion expected for late spring 2005.

Streetscape improvements

Limited funding reduced the original scope of the expansion (1989); thus major areas of the building and surrounding sidewalks and streetscapes were not completed. In place of permanent construction with permanent materials, temporary materials and temporary construction methods were used with a life expectancy of 1- 3 years. Some of these temporary measures are over 13 years old. These areas are now being addressed as part of the Lower Woodward Streetscape Improvement Project that includes participation with the Michigan Department of Transportation (MDOT). MDOT is currently replacing the bridge deck on the Washington Blvd. Bridge that spans the Lodge Freeway. Replacement of the bridge is the vital element in improving the Washington Blvd. streetscape in front of Cobo Center as it is a major structural asset with grade considerations and therefore must be completed first before other improvements along Washington Blvd can take place. This project, along with major streetscape improvement and entranceway improvements will start in October of 2004 with completion scheduled for June 2005.

Hart Plaza

It was determined that major portions of the fire suppression system and fire alarm system for Hart Plaza and the Atwater tunnel (Atwater Drive roadway under Hart Plaza) were damaged beyond repair and must be replaced. In addition, the fire alarm system for Cobo Arena and the Cobo Arena garage are obsolete with replacement parts no longer

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manufactured. Therefore, these systems must be replaced in compliance with current fire codes. Preliminary design and engineering work has started on this project and completion is expected in the fall of 2005.

Ford Auditorium

Funds are currently available from the sale of general obligation bonds in the amount of \$1 million to be used for Ford Auditorium. These funds are held by the Planning and Development Department; however, the Civic Center Department is responsible for the administration of the rehabilitation project and approves all expenditures.

PROPOSED FIVE YEAR CAPITAL PLAN

This proposed capital program provide for renovations and improvements to the current Cobo Center facility that will enhance public access, awareness, security and rehabilitate aging electrical systems and structural components. Funding totaling \$51 million is required for on-going improvements such as interior/exterior improvements, major system upgrades and repairs and the fire suppression system. This funding request is in addition to the \$30 million received in the Cobo Hall bonds refinancing.

Recently, a broad-based committee has been formed to investigate the feasibility of the expansion of Cobo Center. It is expected that the issue of the Cobo Center expansion will come to closure within the time period of this capital plan. It should be noted that an expansion of Cobo Center would impact the Lodge Freeway and Washington Blvd, as well as, other roads controlled by the State of Michigan and Wayne

County. Therefore, the State and County will likely need to participate both financially and legislatively in the Cobo expansion.

The Civic Center Department is actively planning projects in the following areas:

Interior/Exterior:

Interior and exterior improvements to both the building and surrounding streetscape. Interior renovation will include increased restaurant and food service areas in the main concourse, renovation of 68 meeting rooms. Replacement and supplementation of the current inventory of meeting room/exhibit hall equipment and furniture necessary for large conventions, exhibitions, conferences and trade shows.

The exterior projects are designed to improve the exterior appearance of Cobo Center, improve pedestrian access and American with Disabilities Act (ADA) access and improve vehicle traffic and vehicle drop-off and pick-up zones. In addition to the streetscape improvements, visual improvements will be made to the Cobo Center ceiling, walls and fences that can be seen by motorists driving on the Lodge Freeway under Cobo Center. Phase II of the Streetscape Improvement Projects will consist of constructing a portico over the southeastern entrance to Cobo Center on Washington Blvd. The project is in the conceptual phase and it is hoped that construction can begin mid-year with completion in the late fall of 2005.

Electrical Distribution:

Civic Center has an existing plan of replacing/retrofitting the electrical distribution system in the exhibit halls

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through which temporary electrical power is supplied to exhibits in the halls. This plan is being expedited due to more rapid deterioration of parts of the system, and a desire to improve the service and reliability of power to the major events using Cobo Center. The project is expected to begin in the fall of 2004 with final completion scheduled for October 2005 prior to the 2006 North American International Auto Show and the 2006 Super Bowl.

Roofs:

The roofs at Cobo Center were part of a national class action lawsuit involving the insulation material installed over the metal deck roofing systems. The insulation material installed created corrosion on the metal deck and must be replaced. The Civic Center is replacing approximately 80,000 square feet of roofing as a part of this lawsuit. Funds from the settlement agreement negotiated by the U.S. Department of Justice will partially offset this cost.

CAPITAL RELATIONSHIPS: INTERDEPARTMENTAL AND KEY STAKEHOLDERS

The Civic Center facilities play an integral part in the revitalization of Downtown Detroit and as such, the Department is working with the various development authorities and other city of Detroit departments - Economic Growth Corporation, Detroit Building Authority, the Downtown Development Authority,

DTC People Mover and Municipal Parking and MDOT - on current and proposed projects.

GOALS FOR CAPITAL PROGRAM

1. To increase the competitiveness of Cobo Center in the highly competitive world-wide market for conventions, conferences, trade shows and other special events that have a large positive economic impact on the Detroit economy.
2. To revitalize our aging facilities including the original circa 1960 sections of Cobo Center.
3. To manage a preventive maintenance program that anticipates maintenance-related problems.
4. To increase utilization of the Civic Center by Detroiters, metropolitan residents and out-of-town visitors by providing safe, clean, comfortable, and user-friendly facilities.

RATIONALE FOR CAPITAL PROGRAM

An attractive and efficient Civic Center will help Grow Detroit by stimulating conventions, trade shows and other public activities in the downtown area. This will add to City revenues and increase hotel, restaurant, mercantile and other business activity in downtown Detroit. Especially important in the revitalization of downtown is the promotion of evening and weekend events.

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PROJECT NARRATIVE AND FUNDING SCHEDULES

In the past, funding for the Capital Budget came from the “Renewal and Replacement Fund”. This “Renewal and Replacement Fund” is a result of the 1989 expansion bonds and the earnings on the sale of those bonds. The expansion bonds will be fully retired in 2007. The current level of dollars from this fund to Civic Center is declining at approximately 20 % per year.

It must be noted that the Renewal and Replacement fund is inadequate to fund the following list of essential projects. Additional capital funding sources are needed to address these projects.

Exhibit Halls

The first priority in the exhibit halls includes painting and aesthetic improvements, increases in electrical equipment and the addition of an enclosure to the People Mover tramway. The concrete floors in the Oakland and Macomb exhibit halls that were installed in the original 1960 construction are in poor condition. In the 45 years the floors have been in service, they have been driven on by heavy material- handling equipment, lifting cranes, and semi tractor/trailer trucks. Civic Center has a program of patching and repairing the spalling areas as they occur; however, we are near the point where total replacement is necessary. Other improvements are designed to increase the level of service of the electrical distribution system through which power is supplied to exhibitors, as well as, improve the aesthetic look of the space.

2005-06	\$ 440,000	Renewal and Replacement Fund
2006-07	500,000	Renewal and Replacement Fund
2007-08	500,000	Renewal and Replacement Fund
2009-10	640,000	Renewal and Replacement Fund
2005-06	10,260,000	Unprogrammed

Food Service Equipment

Civic Center is requesting funding for improvements and upgrades to the food service equipment for both Cobo Center and Hart Plaza. Sales generated by food service operations are the major revenue stream for the department. Dependability and reliability of equipment is essential to successfully maintain our food service operations. Examples of equipment needed include dishwashing machine, convention ovens, and refrigeration equipment and compartment steamers.

2005-06	\$ 600,000	Renewal and Replacement Fund
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Fire Suppression Systems

Civic Center is requesting funding for improvements and upgrades to fire suppression system at Cobo Center. The South portion of Cobo Center, which includes the Riverview Ballroom, Promenade Room, meeting rooms, food service areas, offices and other operational areas, are not protected by fire suppression systems. Also, the area underneath the upper level loading dock is not fire protected. Civic Center believes protecting these areas with fire suppression is a prudent measure to increase both public safety and the safety of City property. The addition of fire suppressions system in these areas will significantly reduce our insurance premiums for property insurance.

2006-07	\$ 150,000	Renewal and Replacement Fund
	4,200,000	Unprogrammed

Interior Cobo Center

This is an on-going project that allows Civic Center to continue to make improvement upgrades in the interior of Cobo Center. Major elements of this project will include the replacement of lighting systems, carpeting, doors, door locks and directional signage that is ADA compliant. Areas that will be targeted in this project are: the Riverview Ballroom, Ambassador Dining Room and the meeting rooms within the South section of Cobo Center. Also included in the scope of this project is the replacement and retrofitting of select building entrance/exit doors to current ADA standards.

2007-08	\$ 150,000	Renewal and Replacement Fund
	75,000	Renewal and Replacement Fund
	6,810,000	Unprogrammed

Building Systems/ Operational Improvements Cobo Center

Funding is requested to make improvement upgrades in the building systems that support the operation of Cobo Center. Building systems that will be addressed in this project will include electrical distribution, electrical substations, elevators, escalators, heating, ventilation, cooling, freight doors, plumbing and telephone switch. Allowances for expanded equipment storage and procurement of additional material handling equipment and equipment for reaching and working in overhead areas are included within this project. Also included is waterproofing in mechanical areas.

Improvements to the HVAC system are a high priority. Roughly half of the HVAC and electrical equipment is over 45 years old. Proper ambient room temperature is a major service issue for conventions, meetings, and banquets. We expect that major elements of the systems, which includes high voltage cables and high voltage switch gear, will need to be replaced at Cobo Center.

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Cobo Center has a telephone switch that would allow it to operate and generate income much in the way hotels operate. Some improvements to the telecommunication system at Cobo Center have been made with the installation of wireless Internet service. However, other than specific project driven improvements and enhancements, there has been no major overhaul of the Cobo Center telephone/telecommunication system. There are other opportunities for us to generate income from the sale of telecommunication service. Investment in this area will generate income and improve service delivery. On the service delivery side, we are not currently competitive with other centers that can provide an extensive array of high tech telecommunication services with same day service.

2006-07	\$ 200,000	Renewal and Replacement Fund
2007-08	110,000	Renewal and Replacement Fund
2008-09	110,000	Renewal and Replacement Fund
2009-10	360,000	Renewal and Replacement Fund
2005-06	8,960,000	Unprogrammed

Hart Plaza

Hart Plaza was built prior to the American with Disabilities Act (ADA). Many of the areas of Hart Plaza, including the lower level food court, restrooms etc. do not meet ADA standards. This situation needs to be addressed within the scope of this plan. To do so, Civic Center will engage an architectural/engineering firm to assess the ADA issues and present the best solutions.

There has been significant deterioration of the granite pavers that surround the Dodge Fountain since its original installation in circa 1975. The masonry grout has deteriorated to the extent that it is non-existent and larger pavers have become cracked and dislodged. Both of these conditions allow for loose pavers, which is a public hazard. This condition of loose and cracked pavers also impacts the drainage system. A different style of pavers system is being considered for this area. Also to be considered is a new pavers system that can handle the weight loads of the large-scale production/events held at Hart Plaza.

The Dodge fountain is approximately 30-years old, and requires the replacement of major plumbing components. Waterproofing repairs and renovations, replacement of large high-pressure water pipes are some of the improvements required for the fountain, in order to ensure the structural and operational integrity of the fountain.

Other improvements planned in this area are: a new electronic marquee, improvements to lighting and flag poles, replacement of kitchen equipment, electrical distribution system improvements, glass and window replacement, as well as, horticultural improvements and irrigation system renovations.

\$ 7,300,000	Unprogrammed
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Exterior Cobo Center

Civic Center is requesting funds to make improvements and upgrades to the exterior envelop of Cobo Center. Security/public safety concerns, aesthetic improvements and greater controls of environment to protect plumbing and fire suppression system from inclement weather and vandalism are addressed in this project. Also, this project dovetails with the greater multi-jurisdictional initiative to improve the streetscape and to enhance the arrival experience into Downtown Detroit.

Projects planned under this category are:

- HVAC units and ductwork roof enclosure
- Masonry walls in the lower (street) areas of the Lodge Freeway, Larned and Congress
- Ceiling and walls in the Larned Street roadway tunnel improvements
- Exterior marquee
- Replacement of 75% of parapets (should be done in conjunction with the heliport roof replacement)
- Sidewalk replacement, installation of light pole banners, waterproofing and masonry restoration

2007-08	\$ 320,000	Renewal and Replacement Fund
2008-09	500,000	Renewal and Replacement Fund
	8,670,000	Unprogrammed

City of Detroit
Proposed Capital Agenda
FY 2005-06 through 2009-10
Civic Center

	<i>Project</i>		<i>Impact</i>	<i>Impact</i>	<i>Impact</i>	<i>Funding</i>	<i>Auth</i>	<i>Budget</i>							<i>Rec.</i>
	<i>Status</i>	<i>Timeline</i>	<i>on</i>	<i>on</i>	<i>on</i>	<i>Source</i>	<i>Unissued</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>Un-Program</i>	<i>5-Year Plan Total</i>
Exhibit Halls						G.O.								\$10,260	\$0
Exhibit Halls						R&R			\$440	\$500	\$500		\$640		\$2,080
Food Service Equipment						R&R			\$600						\$600
Fire Suppression Systems						G.O.	\$4,200							\$4,200	\$0
Fire Suppression Systems						R&R				\$150					\$150
Cobo Center - Interiors						G.O.								\$6,810	\$0
Cobo Center - Interiors						R&R				\$150	\$75				\$225
Building Systems / Operational Improvements - Cobo Center						G.O.								\$8,960	\$0
Building Systems / Operational Improvements - Cobo Center						R&R				\$200	\$110	\$110	\$360		\$780
Hart Plaza						G.O.	\$4,800							\$7,370	\$0
Cobo Center - Exterior						G.O.								\$8,670	\$0
Cobo Center - Exterior						R&R					\$320	\$500			\$820
Total by Funding Source							<i>Auth</i>	<i>Budget</i>						<i>Un-</i>	<i>5-Year</i>
							<i>Unissued</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>Program</i>	<i>Total</i>
						G.O.	\$9,000	\$0	\$0	\$0	\$0	\$0	\$0	\$46,270	\$0
						R&R		\$0	\$1,040	\$1,000	\$1,005	\$610	\$1,000	\$0	\$4,655
Total by Agency: Civic Center								<i>Budget</i>						<i>Un-</i>	<i>Grand</i>
								<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>Program</i>	<i>Total</i>
								\$0	\$1,040	\$1,000	\$1,005	\$610	\$1,000	\$46,270	\$50,925

Project Status: M=project is maintaining current infrastructure; N=project will result in new development
Project Timeline: P=project is proposed; O=project is ongoing; U=project is one time and underway
Impact on Operating Budget: AF=additional funding is required; RF=results in reduction of funding; NOI=no operating impact
Impact on Staffing Budget: AS=additional staffing is required; RS=results in reduction of staffing; NSI=no staffing impact
Impact on Operating Budget \$: annual additional funding or (reduction of funding) to operating budget